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3. AFGHAN OFFICIAL ATTACKS HELMAND VALLEY DEVELOPMENT SCHEME

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Afghanistan's new acting press chief, Abdus Sattar Shalizi, formerly Afghanistan's liaison official with Morrison-Knudsen in San Francisco, has made

pitter personal complaints to the American embassy in Kabul against the Morrison-Knudsen Company and its Helmand Valley development projects.

Shalizi has charged that the Helmand Valley projects are a "gigantic fiasco." He has suggested to embassy officials that the United States government take over responsibility for the projects and finance them with 'grants' until they become paying propositions.

Comment

Since 1953, when Afghanistan's financial position became acute, Afghan officials have sought ways of lessening their government's considerable expenditures on the undramatic, long-range projects being undertaken in the Helmand Valley. They have from time to time attempted to play upon American pride and to hold up the threat of Soviet penetration to induce the United States to take over a large share of the financial obligations. Shalizi himself is reported to have told a group of Americans that Afghanistan's policy now is to "play the two sides off against each other."

If additional financing is not forthcoming, the Afghan government may eventually insist on the abandonment of certain projects in the Helmand Valley in order to concentrate expenditure on those remaining.

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5. PEIPING SEEN MAKING PROPAGANDA GAINS IN THAILAND

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	Peiping is making propaganda gains in Thailand as a result of its warm reception of the unofficial Thai delegation led by Thep Chotinuchit and
	the conciliatory tone of its commentary on the visit. The Bangkok press is printing daily summaries of Chinese Communist broadcasts on the Thep visit.

Comment Thep, who is Thailand's leading advocate of neutralism, was permitted to leave for Communist China in mid-January accompanied by a small group of other members of parliament and newsmen. The group is now touring North China.

In its propaganda regarding the visit of the Thep group, Peiping has stressed Sino-Thai cultural and historical affinities and the potentialities of direct trade. It has lately been avoiding derogatory comments on the Phibun regime and has not mentioned the exiled former Thai premier, Pridi, although Thep had announced he intended to see Pridi while in China.

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THE ARAB-ISRAELI SITUATION (Information as of 1700, 7 February)

UN truce supervisor General Burns has informed the American embassy in Tel Aviv he believes there is enough danger of war to require immediate decisions by the United States, Britain and France regarding preventive action or intervention. Burns thinks war could start with either an Israeli land attack or an Egyptian air assault. He is considering proposing a buffer in the form of a UN force in the El Auja demilitarized zone and around the southern end of the Gaza strip, but is uncertain what measures should be taken against an air attack.

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